



CITY OF  
**FORT LAUDERDALE**

*Venice of America*

December 20, 1996

Mayor Jim Naugle  
Vice Mayor Jack Latona  
Commissioner John E. Aurelius  
Commissioner Cary **Keno**  
Commissioner **Carlton** B. Moore  
City Manager, George L. **Hanbury**

**RE: CITY'S COMPREHENSIVE ANNUAL FINANCIAL REPORT -  
FISCAL YEAR ENDED SEPTEMBER 30, 1996**

Dear Mayor, Commissioners, and City Manager:

Presented for your consideration and review is the City's Comprehensive Annual Financial Report for the fiscal year ended September 30, 1996. This report was prepared by the City's Finance Department. Although the financial statements were audited by independent accountants, as stated in their report on Page 1, the responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and all disclosures, necessary to enable the reader to gain general understanding of the City's financial activity, have been included.

This Comprehensive Annual Financial Report is divided into three major sections:

1. **Introductory Section** - As the title indicates, this section introduces the reader to the report and includes the table of contents, this transmittal letter, the Certificate of Achievement awarded to the City by the Government Finance Officers Association and a city organization chart.
2. **Financial Section** - Five combined financial statements, together with the notes to the financial statements, compose the General Purpose Financial Statements. These are the **City's basic** financial statements and provide an overview for users who require less detailed information about the **City's** finances than is contained in the balance of this report. The remainder of the financial section presents combining



statements, individual fund statements and schedules focusing on individual funds rather than fund types.

3. Statistical Section - While this section contains substantial financial information, these tables differ from financial statements in that they present some non-accounting data, cover more than two fiscal years, and are designed to reflect social and economic data, financial trends and the fiscal capacity of the City.

Originally chartered as a municipality under the laws of the State of Florida in 1911, the City provides general municipal services, such as police and fire protection, parks, recreation, public works and others, as well as certain enterprise activities such as public parking and the utilities of water, sewer and sanitation. The charter was replaced by a special act of the Florida legislature in 1957 and was substantially revised in 1984.

#### THE FINANCIAL REPORTING **ENTITY**

This report includes all funds, account groups and component units of the City, in accordance with Statement No. 14 of the Governmental Accounting Standards Board entitled "**The Financial Reporting Entity**". The Financial Reporting Entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Sunrise Key Safe Neighborhood Improvement District (SK) is included as a component unit along with the Fort Lauderdale Community Redevelopment Agency (CRA). These organizations have been included as component units, since the City is financially accountable for and is able to impose its will on them. The transactions and balances of the CRA are blended with those of the City (primary government), while the SK financial information is discretely presented in the combined financial statements.

The City of Fort Lauderdale, Downtown Development Authority (DDA) and the Housing Authority of the City of Fort Lauderdale are related organizations, but separate and distinct, and are not included since they do not meet the established criteria for reporting herein. Along with the Performing Arts Center Authority and the DDA, the City is a participant in a joint venture in the Arts and Science District Parking Garage with each party maintaining an ongoing financial interest.

## ECONOMIC CONDITION AND OUTLOOK

Despite the setback of the announcements that Blockbuster and Sunbeam are moving their corporate headquarters from Fort Lauderdale to other locations outside the area, the robust economy provides yet more opportunities for the City to flourish.

The area continues to be a hub for employment. Time Magazine cites (January 20, 1997) Fort Lauderdale as one of the 15 hottest places in the country for employment opportunities. While unemployment rates in neighboring counties were well over 7% at the end of October, 1996, Broward County's rate stood at 5%. Last year Broward produced a net gain of 22,000 jobs representing a 3.8% annual increase surpassed in the state only by the Tampa and Orlando areas. According to the Labor Department, the three fastest growing occupations are systems analyst, home health aide and computer engineer.

A recent population surge in recent years in the County is also a major factor in the economic portrait of the area. From April of 1990 to April, 1996 Broward grew by 136,721, which was the highest of any area in the state. Latest available per capita income figure show Broward residents at \$24,706 compared to Dade's \$20,014.

Narrowing the focus to the City of Fort Lauderdale economic activity, during the fiscal year, yields similar strong economic signals. According to the Planning and Economic Development Department, more than 41 new businesses created over 621 new jobs while occupying almost 350,000 square feet of space. Add to this the 28 businesses that relocated to our city and the 15 that expanded operations another 964 employment opportunities were made available.

Among the new and expanding businesses are:

Galaxy Latin America - multinational partnership providing satellite television services to Latin America and the Caribbean.

Interim Services, Inc. - national provider of flexible staffing and home care services.

Citrix Systems, Inc. - multi-user application server software development company.

Aquagenix, Inc. - innovative provider of aquatic and vegetation management services.

Meanwhile, companies of H. Wayne Huizenga which call Fort Lauderdale home continue to make their impact. Among the newer of these are:

Republic Industries - publicly traded company involved in rental cars, electronic security and garbage collection and disposal.

Extended Stay America - national hotel chain catering to business professionals.

**AutoNation** - national used car superstore dealership.

The City's high marks for a healthy and diversified economy was a major contributor when Fort Lauderdale earned a rating by Money Magazine in 1996 as the best large city to live in America. Encouraging economic statistics combined with a flurry of developmental activities well positions Fort Lauderdale for continued success as we stand on the horizon of a new century.

## MAJOR INITIATIVES

### Parks and Recreation General Obligation Bond Issue

As an outgrowth of May, 1995's American Assembly process work began on putting together a General Obligation Bond program for parks and recreation facilities. An extensive involvement with neighborhood associations was critical to measure the support of the community in improving the neighborhood and regional park system. Through staff analysis and community input a comprehensive list of over 30 projects was created. Improvements at regional parks include renovations to ballfields, expansion of parking facilities, building of a water playground, jogging path and added security lighting. There are plans to add new facilities to existing neighborhood parks and the intent is to provide something for every segment of the community.

In November, 1996 by a margin of over two to one the voters of Fort Lauderdale overwhelmingly supported the issuance of General Obligation Bonds for these parks improvements not to exceed \$35,000,000. Although the original plan called for a five-year period, a more ambitious schedule has been adopted with the majority of the projects to be completed within three years. A panel of interested citizens has been appointed as an accountability committee to track and monitor the progress of the program. It is anticipated that the bonds will be sold as one issue in the spring of 1997.

### Economic Development Efforts

The discussion in the previous section concerning the local economy touched on some of the fruits of the City's economic development efforts in attracting business centers to the area. Groundwork laid years ago, and since nurtured, is beginning to payoff in the form of exciting private sector projects becoming a reality. There are two exciting \$50 million projects, which are soon to become reality:

Beach Place - located in the heart of the recently revitalized beachfront, this complex will combine a variety of casual and upscale restaurants, cafes and entertainment along with a host of national retailers. Overlooking the retail area will rest the 18 story Marriott Beach Place Towers atop a six level parking garage. This initiative is expected to be completed in the summer of 1997.

Brickell Station - Downtown Fort Lauderdale will come alive at night on its beautiful riverwalk with the completion of this entertainment theme center. Financing has been secured and construction has begun on an truly outstanding entertainment venture that will include a 70,000 square foot 24-plex Regal Cinema and a retail/entertainment area all developed in 3.8 acres of prime downtown property. It is estimated that this project will open in late 1997.

To further stimulate business at all levels on the economic scale and to instill in the community an emphasis on upgrading physical appearance, a Business Capital Improvement Program was formed similar to the Neighborhood Capital Improvement Program. A total of \$500,000 has been allocated for this program over a five year period. Funds would be made available in increments up to \$25,000. Those participating are required to provide matching funds or in-kind services.

#### Fort Lauderdale Neighborhood Leadership College

An introductory course on local government (Inside Your Local Government) was launched in September, 1996 and is now available to citizens who desire to get involved with their City government. Meeting one night a week for 3 hours, participants get a personal insight into City operations through knowledgeable instructors such as department heads, City Manager and the City Commission. The objective of the course is to encourage more direct interaction with neighborhood leaders and the City.

The first course has been completed and received high marks from students. Strange as it may seem, the Finance Department received the highest score from the evaluations of each session. As a result of this program, participants gain a unique insight into the workings of the City and are better able to communicate with those providing City services. Another benefit of the college is the networking among citizens from all areas of the City, giving them an opportunity to get to know one another and help create a more unified community.

#### DEPARTMENTAL FOCUS

In previous years this section of the letter has focused on the accomplishments one particular department. Since all departments have now been featured, a sample of citywide accomplishments for Fiscal Year 1995-96 is presented:

- ◆ Presented a new Vision Statement for the City of Fort Lauderdale to bring us into the 21st century.
- ◆ Developed and successfully ran Fort Lauderdale's first Neighborhood Leadership College. (See Major Initiatives)
- ◆ As a result of the American Assembly process, a successful Public Safety Summit was held.
- ◆ Instituted a Public Service Aide Program improving service to the City and better utilizing our Certified Police Officers.
- ◆ Developed in response to security problems a comprehensive security plan for Cooley's Landing.
- ◆ In partnership with the County, the City makes available a computer terminal in the "One Stop Shop" area for landlords to have access to Broward County criminal records.
- ◆ Improved the turnaround time for permits in the "One Stop Shop" from an excess of 30 days to under 10 days.
- ◆ Negotiated and had approved a partnership with Broward County involving ALS/EMS services and implementing many valuable partnership agreements.
- ◆ Developed and implemented a successful program to remove illegal payphones in the rights of way.
- ◆ Finalized a partnership with the City of Oakland Park and **Wilton** Manors for cost sharing the backbone of our 800 MHz **trunked** system.
- ◆ Developed a partnership between the City and Bonnet House for the improvement for their property along **A1A**.
- ◆ Finalized an agreement with the U.S. Post Office to relocate the existing downtown post office, paving the way for development of a public aquarium on the prior site.
- ◆ Finalized arrangement with the private sector for the relocation and restoration of the Oliver House.
- ◆ Developed a comprehensive marine facilities marketing plan.
- ◆ Implemented tax exemption for historic properties facilitating the historic improvement of qualifying properties through tax stabilization incentives.
- ◆ Adopted a development plan for the Holiday Park Tennis Center, which is now under construction.
- ◆ Completed a major renovation/asbestos removal/sprinkler installation project for City Hall.

- ♦ Broke ground to the final phase of the City View townhouse development which had languished for over ten years.
- ♦ Substantially completed work on the Zoning Reform updating the City's zoning code from the 1940's to the 1990's.
- ♦ Further enhanced the CALM (Cooperative Association of Labor and Management) process and held a seminar involving many other jurisdictions explaining the fundamentals of CALM.
- ♦ Through the CALM process focused City employees on productivity enhancements to be able to be competitive with the private sector.
- ♦ Presented a comprehensive rewrite of parking ordinances to reflect modern planning techniques and to foster the redevelopment of the City.
- ♦ Instituted pilot garbage/recycling programs in Riverside, Sailboat Bend and Coral Ridge.
- ♦ Successful water conservation rate structure was adopted.
- ♦ Took the lead in Broward County on the issue of telecommunications, use of City rights of way and proliferation of towers and mono poles.
- ♦ Developed a comprehensive Parks and Recreation bond issue, with input from the community, which was ultimately approved on November 19, 1996. (See Major Initiatives)
- ♦ Developed a comprehensive graphics information system strategy for the City of Fort Lauderdale.
- ♦ Mounted a successful effort for the owners of the Galt Mile assessment to prepay their assessments.
- ♦ Brought the Baltimore Orioles to Fort Lauderdale for spring training.
- ♦ Developed an aggressive skate park at Mills Pond Park in an effort to provide alternatives to the destruction caused by the skating in downtown areas.
- ♦ Established and staffed an Education Advisory Board to promote educational excellence within Fort Lauderdale schools.

## **FUND STRUCTURE**

The various fund types of the City have been classified into fund categories. These fund categories, along with their measurement focus, are explained as follows:

## **Governmental Funds (General, Special Revenue, Debt Service, Capital Projects)**

These funds are used to account for the City's expendable financial resources and related current liabilities, except

those accounted for in proprietary funds. Governmental funds are essentially accounting segregations for financial resources, and measurement focus is upon determination of financial position (sources, uses, and balances of resources) rather than upon net income determination. Basic financial statements necessary to fairly present financial position and operating results for these funds are the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance.

## **Proprietary Funds (Enterprise, Internal Service)**

These funds are used to account for the City's ongoing activities, which are similar to those found in the private sector. Financial activity is reported in essentially the same manner as in commercial accounting where net income and capital maintenance are measured. Measurement focus is upon determination of net income, financial position and changes in financial position. The basic financial statements required for these funds are the Balance Sheet, the Statement of Revenues, Expenses and Changes in Retained Earnings, and the Statement of Cash Flows.

## **Fiduciary Funds (Trust and Agency)**

These funds are used to account for assets held by the City in a trustee capacity. Nonexpendable and pension trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature.

## **Account Groups**

In addition to the various fund types, a fourth category of accounting entities, account groups, is used to establish accounting control and accountability for the City's general fixed assets and general long-term debt. The City's general fixed assets (all fixed assets except those accounted for in proprietary or trust funds) are financial resources not available for expenditure. The unmatured principal of the City's general long-term debt (and other long-term liabilities not accounted for in proprietary funds) does not require use of financial resources during the current accounting period. Accordingly, these are not accounted for in the governmental funds, but in self-balancing account groups.

## **FINANCIAL INFORMATION**

### **Internal Control Structure and Budgetary Control**

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the

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## **FINANCIAL INFORMATION**

### **Internal Control Structure and Budgetary Control**

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the

revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City proprietary funds are maintained on the accrual basis. Although the legal level of control (the point at which expenditures and encumbrances cannot legally exceed appropriations) is by department, budgetary control is maintained at the division level through the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of balances are not released until additional appropriations are made available. Open encumbrances are reported as reservations of fund balances on September 30, 1996.

In developing and modifying the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

- ♦ The safeguarding of assets against loss for unauthorized use or disposition; and
- ♦ The reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that:

- ♦ The cost of a control should not exceed the benefits likely to be derived; and
- ♦ The evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City's Internal Audit Division reviews and appraises the soundness, adequacy and application of accounting, financial and administrative controls in the City's accounting system. Financial transactions and related data are examined for accuracy, completeness and authorization. Data processing applications and systems are addressed by the internal auditors at appropriate times to assess the adequacy and accuracy of controls. Also, computerized applications are reviewed to determine that they have been developed according to the policies, procedures, standards and guidelines of the City.

#### General Government Operations

The following discussion of general governmental functions includes information from the General Fund.

Revenues totaled \$133,941,960 in 1995-96, an increase of 6.6% over the previous fiscal year. General property taxes remain the City's largest single source of revenue for the General Fund, representing 39.5% of revenue compared to 40.7% for the previous year.

The amount of revenue from various sources and the variance from last year are shown in the following table:

<u>Revenue Source</u>	<u>Amount (Thousands)</u>	<u>Percent of Total</u>	<u>Increase (Decrease) Over 1994-95</u>
Property taxes	\$ 52,852	39.46%	\$ 1,750
Utility taxes	23,943	17.87	1,297
Franchise taxes	11,238	8.39	657
Licenses and permits	5,905	4.41	1,295
Fines and forfeitures	1,698	1.27	581
Intergovernmental	14,533	10.85	346
Charges for Services	10,075	7.52	1,766
Other	13,698	10.23	604
	<u>\$133,942</u>	<u>100.00%</u>	<u>\$ 8,296</u>

The City's \$9.4 billion, assessed value after exemptions, represented an increase of 3.5% from the previous year. Although there is heavy reliance on property taxes to fund General Fund operations, the City's conservative policy regarding the property tax is to keep increases to a minimum. While it is necessary to increase the operating millage rate from 5.2485 mills the previous year to 5.3907 mills for 1995-96, the millage rate remains well below the 10 mill cap imposed by State statutes.

Evident from the table above, revenues increased over the prior year *in every* category demonstrating a stable revenue base for providing general governmental services. Utility tax and franchise fee gains reflect modest growth as the City continues its redevelopment efforts. Although not a major revenue source, the fines and forfeitures category increased the most from a percentage standpoint (52%), representing stepped up enforcement and collection of traffic and code violations. Direct charges for services provided also increased, decisively indicating the City's commitment to assess users of specific services.

Relationships among revenue sources can best be grasped by reviewing the graphic illustration on page xii.

General Fund Expenditures totaled \$121,261,101, an increase of 5.1% from fiscal year 1994-95. Changes in levels of expenditure for major functions of the City are presented in the following tabulation:

<u>Functions</u>	<u>Amount (Thousands)</u>	<u>Percent of Total</u>	<u>Increase (Decrease) Over 1994-95</u>
General government	\$ 18,017	14.87%	\$ 11
Public safety	77,417	63.84	5,601
Physical environment	3,733	3.08	( 621)
Transportation	2,237	1.84	51
Economic environment	914	.75	101
Culture and recreation	18,943	15.62	763
	<u>\$121,261</u>	<u>100.00%</u>	<u>\$ 5,906</u>

The function classification indicates the major purpose for which resources have been expended. Brief definitions of the functions are provided as follows:

General Government - Legislative, executive and staff support. Activities include City Commission, City Manager, City Attorney, Administrative Services, Finance, Planning and General Maintenance.

Public Safety - Protection of people and property. Police, Fire, and Building and Zoning services compose this function.

Physical Environment - Primarily engineering services for the creation and recapitalization of public infrastructure.

Transportation - Major maintenance costs for roadways, walkways, runways and waterways.

Economic Environment - The cost of providing services which develop and improve the economic condition of the community and its citizens.

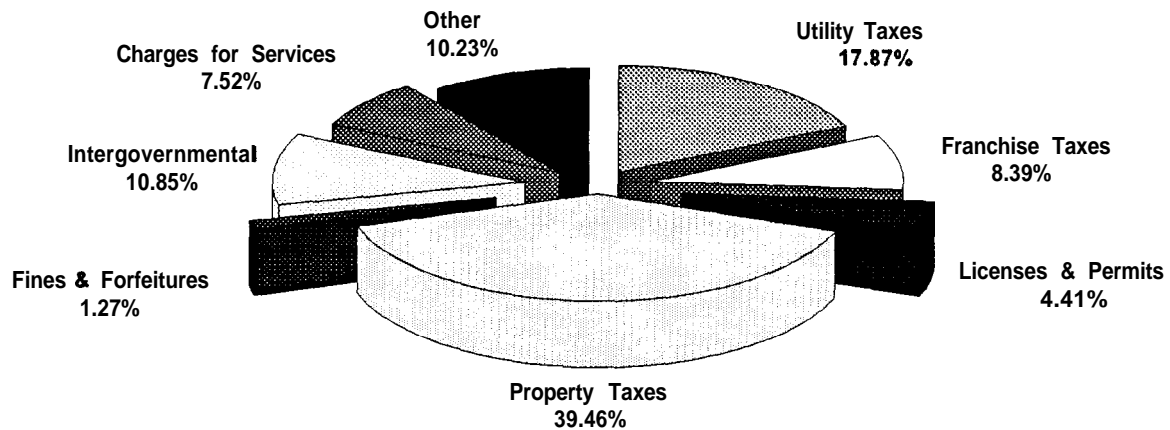
Culture and Recreation - Recreation and cultural activities including parks, auditoriums, museums, theaters, stadiums and events relating thereto.

Reflecting the City Commission's priority to reducing crime, the Police Department accounts for nearly 80% of the jump in public safety expenditures for the year, an increase of over 9% from the prior year. To improve the effectiveness of uniformed officers, over 30 public service aide positions were added to this department. The drop in the Physical Environment category is due primarily to a reduction of in-house engineering staff. Engineering services are supplemented through contracts with professional engineering firms and charged to Capital Projects, as they occur.

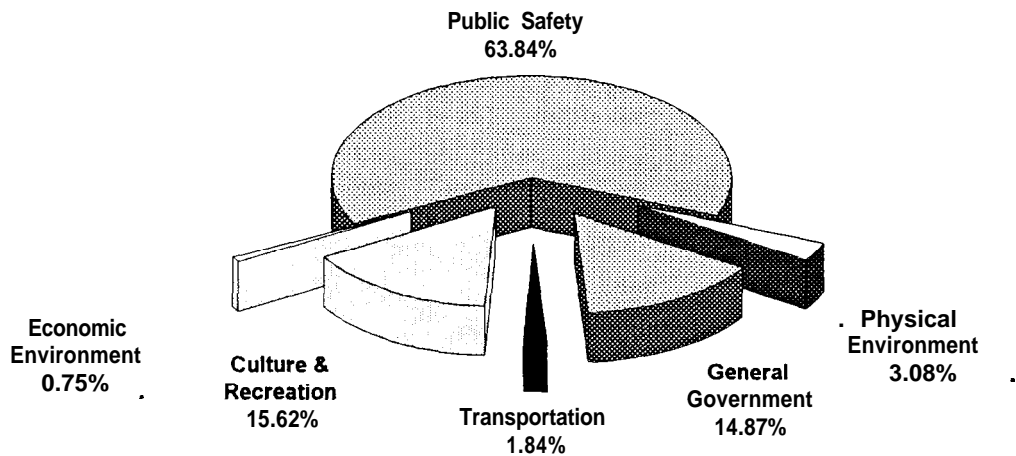
The graph on page xii shows the percentage share of General Fund expenditures by function, further illustrating resource allocation.

The total Unreserved General Fund balance at the end of the year was \$7,948,405, of which \$5,688,527 was designated for subsequent years' expenditures.

## GENERAL FUND REVENUES



## GENERAL FUND EXPENDITURES



## Enterprise Operations

Enterprise funds are used:

- (a) to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily by user charges; or
- (b) where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The following five activities have been determined by the City as meeting the previous criteria and are included in this report as enterprise funds. Comparative data are as follows:

	<u>Operating Revenues</u> <u>(Thousands)</u>		<u>Net Income</u> <u>(Thousands)</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
Water and Sewer	\$ 49,471	46,065	9,194	6,046
Sanitation	16,513	15,791	1,657	438
Parking System	6,300	6,165	498	980
Airport	3,328	3,260	611	339
Stormwater	2,981	2,967	1,904	1,183

Financial highlights of these funds appear below:

### Water and Sewer Fund

An enhanced Capital Improvement Program (CIP) has been adopted to replace aging infrastructure especially in the pipelines, some of which are over 50 years old. The program calls for periodic increases in water and sewer rates. In 1995/96 the total rate increase was 6% with 4% directly related to the CIP and 2% allocated for operations. Accordingly, both revenues and net income rose substantially during the year ended September 30, 1996 when compared to the preceding year. The positive operating results also translate into a stronger cash position of the Fund as it continues to improve. While liquidity is not a problem, the capital needs of the system are of sufficient magnitude to warrant borrowing in the capital markets in the next couple of years.

### Sanitation Fund

Stronger revenues and lower expenses explain the rise in net income. Lower expenses were made possible by experimenting with fewer garbage pickups in selected pilot areas. Higher rates were implemented during the year to begin building a revenue stream which will be sufficient to service debt which is anticipated to remediate the Wingate Landfill site. Significant effort has been made to identify other potential responsible parties who contributed to the Wingate Landfill soil conditions.

When bonds are sold there will not be an increase in the debt of the fund since the liability for cleanup has already been recorded in the fund. The bonds payable would replace the Estimated Landfill Closure Costs liability.

### Parking System Fund

As the City continues to prosper through redevelopment in the downtown, beach and Las Olas areas, there is a direct impact on the demand for public parking. This necessitated raising rates in high use areas, such as the beach at times when parking availability is at a premium. Parking systems continue to play a large role in economic development activities. There are no immediate plans to borrow for capital needs, since the high liquid asset position of the Fund provides for recapitalization on a pay-as-you-go basis. However, parking demands are **accute** in some high profile areas, such as the Beach and Las Olas Boulevard, which may necessitate capital borrowing in the future to provide relief in those areas.

### Airport Fund

Fort Lauderdale Executive Airport maintained the excellent financial performance characteristic of its operations over the past several years. While operating income was a modest \$137,000 the return on accumulated resources boosted net income by nearly \$300,000. Repayment of advances to the General Fund and the General Capital Projects Fund will end in the subsequent fiscal year providing more opportunity for the Airport to address its capital needs.

### Stormwater Fund

Adding to the pattern of excellent financial results of all enterprise funds for the year is the Stormwater Fund after its fourth year of operation. Operating revenues remained essentially at the same level during the past two years. A substantial nonrecurring transfer out of this fund in fiscal year 1994-95 for capital improvements accounts for the large difference in net income from the prior year.

### Pension Operations

Two defined benefit plans are maintained for employee retirement, namely the General Employees Retirement System and the Police and Firefighters Retirement System.

City contributions to the plans for fiscal year 1995-96 were as follows:

	<u>Amount</u>	<u>Percent of Annual Revenue</u>
General Employees Retirement System	\$ 5,091,855	17.7%
Police and Firefighters Retirement System	\$ 8,008,653	25.5%

These contributions are approximately \$300,000 higher than those required for fiscal year 1994-95. Perhaps the best measure of the financial strength of the pension plans is the progress made toward full funding of the pension benefit obligation. The funding ratio of net assets to the pension benefit obligation was 97.0% [as of 1-1-96) in the Police and Firefighters System and 98.6% (as of 10-1-95) in the General Employees Plan, as reported in the actuarial valuations.

### Debt Administration

Useful indicators of the City's debt position are the ratio of net bonded debt to assessed valuation and amount of bonded debt per capita. This information for the City of Fort Lauderdale at the end of the 1996 fiscal year appears as follows:

	Amount	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
Net direct ad valorem tax supported debt	\$ 33,083,478	.32%	\$ 221.29
Net direct excise tax supported debt	\$ 22,485,000	.22%	\$ 150.40
Total net direct bonded debt	\$ 55,795,000	.54%	\$ 371.69

The preceding summary includes only non-self-supporting debt. The history of the debt service coverage of the self-supporting debt (enterprise fund debt) is excellent and is presented in the statistical section of this report. Required principal, interest and reserves on outstanding debt were provided for during the year. Bond ratings continued to reflect that the City's uninsured bonds have the characteristics of strong investment quality as follows:

	<u>Standard &amp; Poor's</u>	<u>Moody's Investor's Service</u>
General Obligation Bonds	AA	Aa
Excise Tax		
Improvement Bonds	A+	A1
Water and Sewer		
Revenue Bonds	AA-	Aa

At the end of the fiscal year, the City borrowed \$6,000,000 from the Sunshine State Governmental Financing Commission Commercial Paper Program to help further its General Capital Improvement Program. The loan will be repaid over a 20 year period at rates of interest approximating 30 day tax exempt commercial paper.

As reported in the Major Initiatives section of this letter, in the Spring of 1997 the City will issue \$35,000,000 General Obligation Bonds for Parks and Recreation purposes.

## Cash Management

Diverse operations of the various funds of the City dictate the necessity for a sophisticated cash management system to control and actively utilize cash as a financial resource.

Our central cash management system provides that all cash be deposited into a central account for investment in approved securities. The objectives of our investment program are, in order of importance, to assure adequate liquidity, minimize risk and maximize yield. State law permits the City to adopt its own set of allowable securities. The City's list of approved securities provided by ordinance of the City Commission consists of U.S. Government securities, U.S. agency securities, commercial paper rated A-1 or P-1, certificates of deposit, bankers' acceptances, repurchase agreements (REPO'S), reverse REPO'S and the State's local government investment pool. During 1995-96 the City became an initial investor in the short term portfolio of the Florida Municipal Investment Trust administered by the Florida League of Cities.

Proceeds of the various bond issues are maintained separately from the City's other pooled cash. The reason for this segregation is due primarily to the federal arbitrage regulations and interest rebate requirements. Earnings which exceed the rate of interest on the borrowed funds must be returned to the federal government. The segregation of these investments provides for ease of rebate calculations.

The investments of the pension plans are controlled by the pension boards who have hired professional money managers responsible for managing the assets of those funds.

## Risk Management

Nearly all insurance is administered through the City Insurance fund. A major portion of the insurance program involves self-insurance. The City is currently self-insured in the areas of workers' compensation, general liability, automobile liability, and police professional liability. Premiums in excess of claims charged to the various operating funds over the years have been retained in the fund to provide for stability and protection against catastrophic losses as recommended by the City's Insurance Advisory Board.

Claims expense improved somewhat during the year transforming total fund deficit at September 30, 1995 of \$1,227,413 to a fund deficit of \$1,040,300 as of the end of the current fiscal year. The annual operating budget for 1996-97 includes an amount which, if continued, would amortize this deficit over a three year period. It should be emphasized that the fund is well equipped to pay claims as they come due with a Cash and Cash Equivalents account balance in excess of \$14 million at September 30, 1996.

## Intergovernmental Revenue

A considerable source of funds is provided to the City from various federal, state and county agencies. A majority of this revenue is used for capital and on-going projects, providing for community development, sewer system expansion and various public works projects.

The sources of intergovernmental revenue received by the City during the year are summarized by fund type as follows:

	Fund Type				
	General	Special Revenue	Capital Projects	Enterprise	Total
Federal Government	\$ 0	6,771,566	0	93,539	6,865,105
State of Florida	11,884,641	958,388	0	50,037	12,893,066
Broward County	2,276,350	222,921	942,220	( 16,139)	3,425,352
Other local units	371,642	15,671	0	0	387,313
	<b>\$ 14,532,633</b>	<b>7,968,546</b>	942,220	127,437	<b>23,570,836</b>

## OTHER INFORMATION

### Independent Audit

As required by Section 10.02 of the City Charter, an examination of the books of account, financial records and transactions of all administrative departments of the City has been conducted by a firm of Certified Public Accountants. The report of Arthur Andersen, LLP Certified Public Accountants (Page 1 of this report) contains their opinion as to the fair presentation of the **City's** financial statements. Shaun M. Davis, Certified Public Accountant, participated with Arthur Andersen in the independent audit. The City continues to receive an unqualified opinion.

### Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fort Lauderdale, Florida for its comprehensive annual financial report for the fiscal year ended September 30, 1995. This was the nineteenth consecutive year that the City received this prestigious award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards; Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another Certificate.

In addition, the City also received the **GFOA'S** Award for Distinguished Budget Presentation for its annual budget prepared for the fiscal year covered by this Comprehensive Annual Financial Report. In order to qualify for the Distinguished Budget Presentation Award, the **City's**

budget document was judged to be proficient in several categories including policy documentation, financial planning and organization. We are pleased that this is the tenth consecutive year that we have received this distinction.

#### Acknowledgements

With the completion of the implementation of a new Central Accounting system during the year, major strides have been made in improving the processing of transactions, inquiry of current financial data and year end closing procedures. This has facilitated the preparation of a fine quality Comprehensive Annual Financial Report under the direct supervision of Joanne Rizi, Controller. Appreciation is extended to her and her fine staff, as well as the Treasury Division and other Finance Department support personnel for the excellent work exhibited. The superb cooperation of the external auditors is likewise acknowledged.

This report shows a very positive financial position of the City and results of operations for the year, reflecting upon the focused direction of the City Manager and City Commission in the financial affairs of the City.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Damon R. Adams", with a large, stylized initial "D" and a flourish at the end.

Damon R. Adams, C.P.A.  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fort Lauderdale,  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 1995

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Arthur R. Lynch*  
President

*Jeffrey L. Esser*  
Executive Director

# The People of Fort Lauderdale

